

# BEST NEWSLETTER

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## Health Insurance Open Season Ends 13 Dec 04

It's not too late – you have through 13 Dec 04 to enroll in or change health plans or options in the Federal Employees Health Benefits (FEHB) program. During the Open Season, employees may also change to self-only coverage or cancel their coverage, or waive or begin participation in premium conversion, without having a qualifying life event.

There are exciting new High Deductible Health Plans with Health Savings Accounts or Health Reimbursement Accounts available. Some excellent information on these plans and options, including a comparison chart, slide show, and frequently asked questions (FAQs), is available on the Office of Personnel Management (OPM) website at <http://www.opm.gov/hsa>. And, of course, you would need to review the individual plan brochure for the health plan you are interested in for specific information related to that plan.

New! OPM just posted a new worksheet that will assist in determining if a High Deductible Health Plan with Health Savings Account is right for you. Check it out at [www.opm.gov/hsa/worksheet.asp](http://www.opm.gov/hsa/worksheet.asp).

OPM also has their handy Plan Comparison Tool available again this year. However, at the beginning of the Open Season the tool had incomplete data and OPM began making corrections. If you used the Plan Comparison Tool prior to 16 Nov 04, you may want to revisit the tool for updated information. The tool is available at [www.opm.gov/insure/05](http://www.opm.gov/insure/05).

Remember, Air Force-serviced employees will enroll or submit enrollment changes electronically via the web-based Employee Benefits Information System (EBIS) or the BEST automated phone system (see newsletter heading for web address and phone number).

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## Flexible Spending Account Open Season Ends 13 Dec 04

The last day to enroll in the Flexible Spending Account program for calendar year 2005 is 13 Dec 04. The Federal FSA program, also known as FSAFEDS, lets you set aside tax-free money to pay for out-of-pocket health and dependent care expenses. Eligible employees may contribute a maximum of \$4,000 to a Health Care FSA, and \$5,000 to a Dependent Care FSA (\$2,500 if married and filing separate tax returns). The minimum amount that may be contributed to either account is \$250. To enroll, visit the FSAFEDS Website at <https://www.fsafeds.com/>, or call SHPS toll-free at 1-877-372-3337 (TTY 1-800-952-0450). Enrollment is not automatic – you must enroll each year during the Open Season. Specific information on how the FSA Program works, as well as a calculator to help estimate your FSA contribution and potential annual tax savings is available on the FSAFEDS website.

**Please note:** You may **not** have a Health Care FSA account if you enroll in one of the new High Deductible Health Plans and are eligible for a Health Savings Account.

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## THRIFT SAVINGS PLAN

### TSP Catch-Up Contributions for Calendar Year 2005

Eligible employees may sign up to make TSP Catch-Up contributions for 2005 beginning 12 Dec 04. You're eligible if you are already age 50 or will turn 50 in 2005. In addition, you must be making contributions to your *regular* TSP account at either the maximum percentage allowed by your retirement plan or an amount that will result in reaching the IRS annual elective deferral limit (\$14,000 for 2005) by the end of the year, must be in a pay status, and may not be in the 6-month non-contribution period following a financial hardship in-service withdrawal. Catch-Up contribution enrollment is not subject to an open season like elections for regular TSP. You can start, stop or change the amount of your per pay period Catch-Up contribution for 2005 at any time between 12 Dec 04 and 10 Dec 05. Because the annual IRS elective deferral limit for catch-up contributions changes each year, you must make a new election each year.

The maximum TSP Catch-Up contribution for 2005 is \$4,000. When you submit your election you will elect a whole dollar amount to be withheld each pay period; take care not to specify an amount that will exceed your net income per pay period or **no** TSP contributions (both Catch-Up and regular) will be withheld. If you wish to divide your contributions evenly over the year, simply divide \$4,000 by the number of pay dates remaining in the year. There are 26 pay dates in 2005.

Air Force-serviced employees will submit their enrollment elections electronically via the web-based Employee Benefits Information System or the BEST automated phone system (see newsletter heading for web address and phone number). Elections submitted 12-25 Dec 04 will be effective 26 Dec 04, with the first contribution withheld on pay date 14 Jan 05. Elections submitted 26 Dec 04 through 8 Jan 05 will be effective 9 Jan 05, with the first contribution withheld on pay date 28 Jan 05 (there are only 25 pay dates left in 2005 for elections submitted 26 Dec 04 – 8 Jan 05).

Many folks ask if they need to submit an election to stop their Catch-Up contributions once the maximum amount has been withheld for the year. The answer is no. Catch-Up contributions automatically stop once the annual maximum has been reached or as of the last pay date in the year (30 Dec 05 for most Air Force-serviced employees), whichever comes first.

Additional information on TSP Catch-Up contributions is available on the BEST website at [www.afpc.randolph.af.mil/dpc/best/tsp-page.htm](http://www.afpc.randolph.af.mil/dpc/best/tsp-page.htm). A chart showing the number of pay dates left in the year, based on when the election is submitted and is effective, is available for review.

Still want to contribute for 2004? The last day you can sign up to make Catch-Up contributions for 2004 is 11 Dec 04. The maximum that may be contributed for 2004 is \$3,000; however, when submitting your election to contribute, don't designate the full \$3,000 to be withheld from one pay check unless you are sure your net pay will cover that amount. Otherwise, no TSP contributions will be withheld.

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### Thrift Savings Plan (TSP) Open Season Ends 3 Jan 05

Since 31 Dec 04 is a holiday for Federal employees, the TSP Open Season has been extended through 3 Jan 05. Employees under the Federal Employees Retirement System (FERS) may contribute up to 15 percent of basic pay and those under the Civil Service Retirement System (CSRS) may contribute up to 10 percent. The IRS annual limit for 2005 is \$14,000.

Increase your retirement benefits -- contribute to the Thrift Savings Plan. You'll defer paying income taxes on your contributions and earnings. Enroll today via the Employee Benefits Information System (EBIS) web application or the BEST phone system (see newsletter heading for web address and phone number). Additional information on the TSP program is located on the BEST homepage [www.afpc.randolph.af.mil/dpc/best/tsp-page.htm](http://www.afpc.randolph.af.mil/dpc/best/tsp-page.htm), and on the TSP Web site at [www.tsp.gov](http://www.tsp.gov).

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## LIFE INSURANCE, HEALTH INSURANCE

### Federal Employee Group Life Insurance (FEGLI) Premium Increase for Upper Age Bands of Option B

In Sep 02, the Office of Personnel Management (OPM) announced additional age bands for Option B and that the premiums for these age bands would be phased in over a three-year period. Premium rates for Phase I were effective 12 Jan 03 and Phase II on 11 Jan 04. Phase III affects employees age 65 and over and will be applied at the beginning of the first full pay period in January 2005, which for most Air Force-served civilian employees is 9 Jan 05. The increased premium will be reflected in the Leave and Earnings Statement for 28 Jan 05.

You may cancel or decrease Option B coverage at any time, but remember that opportunities to pick it up again are limited. To avoid paying the increased premium, submit your electronic election to cancel or decrease Option B no later than 8 Jan 05 via the Employee Benefits Information System (EBIS) or the BEST phone system (see newsletter heading for web address and phone number).

The new rates are provided in the following chart. If you're planning to retire soon, check out the monthly rate column. A word of caution...Option B coverage reduced or canceled prior to retirement cannot be picked back up after retirement.

**Option B Rate Table for 2005 (Cost Per \$1,000 of Coverage)**

Age Band	Biweekly Rate	Monthly Rate
65-69	\$0.72	\$1.56
70-74	\$1.20	\$2.60
75-79	\$1.80	\$3.90
80+	\$2.40	\$5.20

Additional information on premium rates is available on the OPM FEGLI Website at [www.opm.gov/insure/life](http://www.opm.gov/insure/life), or you may contact a BEST benefits counselor for assistance.

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### Remember to Check Your Leave and Earnings Statement

Enrollments or changes made during the Federal Employees Health Benefits (FEHB) Open Season will be effective 9 Jan 05 and reflected in your Leave and Earnings Statement (LES) for pay date 28 Jan 05. Please remember to check this LES -- if your new FEHB plan code and/or premium amount aren't correctly reflected in the "Deductions" block, contact BEST for assistance.

The TSP Open Season runs from 15 Oct 04 through 3 Jan 05. Your election or change becomes effective depending on when you submit it. If your TSP election does not appear on the appropriate LES, contact BEST immediately.

<u>Election Submitted</u>	<u>Effective Date</u>	<u>LES Date</u>
15 Oct – 11 Dec 04	12 Dec 04	31 Dec 04
12 - 25 Dec 04	26 Dec 04	14 Jan 05
26 Dec 04 – 3 Jan 05	9 Jan 05	28 Jan 05

There are many reasons for checking your LES each pay period other than open season elections. For example, it's an excellent way to verify that your health and life insurance premiums and TSP deductions resume correctly upon transfer to a new agency or location. You should also watch the Remarks section for important announcements. For example, if you are participating in Premium Conversion the Remarks sections will contain a statement regarding the amount of your pretax FEHB exclusion.

Remember, contact BEST and speak with a benefits counselor immediately regarding any benefits-related errors found on your LES. Be sure to have the applicable LES on hand when you make the call.

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## LONG TERM CARE INSURANCE

### **Payment of LTC Premium after Retirement or Transfer to Another Agency**

Do you currently pay your Long Term Care (LTC) insurance premiums through payroll deduction? If the answer is yes, and you'll soon be retiring or transferring to another agency, here's some information you need to know in order to ensure your premiums continue through payroll or annuity deduction.

If you are retiring, deductions will not automatically transfer from your agency to your retirement system. Instead, you need to contact LTC Partners (the 3<sup>rd</sup> party administrator of the program) and give them the effective date of your retirement. LTC Partners will work with the Office of Personnel Management (OPM) to set up premium deductions from your annuity. LTC Partners will bill you directly for premiums due while you're in receipt of "interim annuity payments" from OPM. This is because LTC premiums cannot be deducted from interim pay. Once your annuity is finalized, LTC Partners will begin to deduct premiums from your annuity. It's important you pay the direct bills promptly because once your annuity is finalized, annuity deductions cannot be adjusted to "catch up" uncollected premiums.

If transferring to another agency, your payroll deduction will not automatically switch over to the new location. You need to let LTC Partners know as soon as you know where and when you will be transferring. They will work with your new agency location to set up payroll deductions. Depending on when you contact LTC Partners, they may not be able to get your payroll deduction changed over in time for your first paycheck at the new location due to the timing of payroll information between LTC Partners and agencies. If that's the case, you will automatically receive a direct bill from LTC Partners for the premiums due that were not collected through payroll deduction. Payroll deductions are not adjusted to "catch up" uncollected premiums, so it's important for you to pay the direct bill(s) promptly in order to keep your long term care coverage current.

To report your transfer or retirement, please call the LTC Partners' Customer Service Center at 1-800-LTC-FEDS (1-800-582-3337, option #3) (TTY 1-800-843-3557). For more information, visit the OPM and Long Term Care Partners Web sites at [www.opm.gov/insure/ltc/](http://www.opm.gov/insure/ltc/) and [www.ltcfeds.com](http://www.ltcfeds.com), or speak with a long term care specialist by phone.

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### *Calendar of Events*

FEHB Open Season Ends 13 Dec 04

FSA Open Season Ends 13 Dec 04

TSP Open Season Ends 3 Jan 05

TSP Catch-Up Contribution Enrollment for 2005 Available 12 Dec 04

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